# Euromoney 2020 Half-Year Results

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## Opening Remarks

Andrew Rashbass

*Chief Executive Officer, Euromoney*

### Welcome

Welcome everyone to our presentation and results for the six months ending 31st March. I am delighted to have a chance to speak with you this morning and I will be presenting alongside Wendy. This call is recorded and I am going to start off, then Wendy will take you through the results and then I am going to come back later on. There will be Q&A right at the end as usual.

### Euromoney today: strong in challenging environment

If we click through the disclaimer on slide two, on slide three is a quick summary reminder of what we are, a global B2B information services business. Then moving to slide four, I do not think any of us doubts the challenging environment that we are in, but one thing that is very clear is that Warren Buffet thing about when the tide goes out you can see who has been swimming naked. It is very much revealing the strengths of Euromoney in the challenging environment. That strength comes from the strategy, which is that 3.0 Strategy, about being embedded in customer workflows. However, in this environment we have taken quite big and decisive actions, particularly around events, but also now our overall readiness to move back into physical events as soon as that is possible, and, post our return to physical events, our new initiatives around digital events, and in fact given the profile of those businesses the strength that we get from retaining Asset Management. All of which leads to a very strong balance sheet.

Then because of the strong balance sheet we are not just talking about resilience. We are actually talking about our opportunities to invest in organic growth, do modest M&A and to make those investments in not just Fastmarkets, which we often talk about, but across Data & Market Intelligence, particularly in Financial & Professional Services. Also to continue with the investment that is already in our turnaround plan for Asset Management of which we are already seeing green shoots. It is that strength in this environment that will lead to a strong balance sheet that allows us to invest through this period. That is the context for the results which Wendy will now take you through.

## Half-Year Results

Wendy Pallot

*Chief Financial Officer, Euromoney*

### H1 2020 reporting segments

Good morning everyone. As usual I am going to start by giving you a reminder of the shape of Euromoney and our business segments. As we told you at the FY19 results in November we now report under three segments, which you can see on the slide in front of you. Fastmarkets, the Price Reporting Agency, is now shown as a separate Pricing segment. Our largest segment by revenues is Data & Market Intelligence and it is made up of the Telecoms division and the newly formed Financial & Professional Services division. Many of you will have attended the teach-in which we held on FPS in February. If you missed it, you can hear

it on the website. You can see that 68% of our revenues were derived from subscriptions in the half-year, which is quite a way up from 58% a year ago. Part of this is obviously events are down but we must not forget that if you look at the reported subscriptions number, the real subscription revenue number, that was actually up 10% year-on-year and includes some acquisitions. Subscriptions made up in excess of 80% of revenue for both the Asset Management and Pricing segment, and just under half of DMI.

**Half-year summary**

For the six-month period our reported revenue was up by 1%, specifically benefited from the contribution from the great growth in DMI and Pricing, as well as acquisitions, which were primarily BoardEx, Wealth-X and some FX upside. This 1% growth figure includes the impact of cancelled and postponed events. Covid-19 resulted in us cancelling and postponing a number of events in the period, which reduced our reported revenue growth by five percentage points and reduced our operating margin by two percentage points. It is interesting if you had looked at this table at the end of January, taking that as being the period before Covid-19 started to have an effect, you would have seen at that stage that the reported revenues were actually up 7% year-on-year.

The last column you see on the table shows the underlying percentage change. Our underlying definition is unchanged from last year. It takes out the impact of changes in event timing, as well as other adjustments like acquisitions and FX. The underling figures give you a better idea of how the business is performing without the impact of events that we cancelled or postponed because of Covid-19 but of course it still includes where an event was held, say in February or March, and attendance was restricted by Covid-19.

On an underlying basis revenues were flat. We had good growth in two of our three segments, Pricing and DMI, which together account for nearly two thirds of our revenues. This was offset by continued headwinds in Asset Management, which we have spoken to you about before. Adjusted profit before tax fell by 15% on a reported basis, largely due to Covid-19 which reduced the PBT by 13 percentage points. 13% of that 15% is Covid-19. On an underlying basis the decline was 1%. The effective tax rate was 19% in H1 but we expect the tax rate to be 20% for the full year due to a slight shift in the geographic mix of profits. As previously announced we have not declared an interim dividend.

We continue to benefit from a strong balance sheet with net cash at the period end of £8.1 million and indeed the balance sheet continued to be robust in April with £8.3 million of net cash at the end of that month. Our cash conversion declined but that is due to the continued weakness in Asset Management subscriptions and also of course the impact of Covid-19 on events.

**Growth from investment in Data & Market Intelligence and Pricing**

Moving now to slide eight, let us look at revenue. The start and ending blue bars on this waterfall are the adjusted revenues. That is the 1% overall growth that I was just talking about. The other bars isolate various adjustments so we can see the underlying performance as well. The first adjustment is FX which in the period a slight strengthening in the dollar. Timing and adjustments is £10.2 million. About £9 million of that is from events cancelled and postponed in the period due to Covid-19. There was a £10.1 million addition from M&A, mostly BoardEx and The Deal which we acquired last year and Wealth-X which we acquired in

November. Underlying revenue, as you can see, was broadly flat but it is made up on the right-hand side of growth in our two segments, DMI and Pricing, offset by Asset Management. Looking at revenue by type, the bar on the far right-hand side you can see that subscriptions and advertising both grew on an underlying basis but events of course declined.

**Underlying profit impacted by Asset Management and investment in DMI**

This is slide the same but for profits. There are three big numbers to pull out here. First is timing and adjustments figure, £7.4 million and again primarily Covid-19. £6.2 million of that number is because of Covid-19. The second number to highlight is the reduction in central costs of £2.2 million which was part of the rapid action that we took on costs in the period. Thirdly, the underlying profits business declined. You can see on the right-hand side that is mostly due to Asset Management. Pricing profits increased and DMI profitability was impacted by the investment we are making in the business to drive the revenue growth.

**H1 2020 Adjusted revenue and profit matrix by segment**

The Neapolitan should be very familiar to you all. I am not going to go through all of the figures you can see here but I am just going to highlight some of the big ones. On the top-left you can see the Asset Management subscriptions declined 6%. It is an improvement versus the Q1 rate but there are some timing issues so I would not read too much into the change in any one quarter. The main point is it is pretty much in line with the decline last year. Pricing subscriptions grew a healthy 8% and as we explained at the teach-in in February our FPS division, which most of the DMI segment, is now another engine of growth. You can see subscriptions grew 6% underlying in that segment. If you move your eye across to the right-hand side for DMI you can see total revenue in DMI is £76.1 million. That is now our largest segment, obviously you can see there as well growing at the fastest rate of all our segments. Events revenues declined modestly. If you had looked at that at the end of January, event revenues were growing in DMI and had improved from the first quarter in Pricing. Of course it is going to deteriorate in the last two months of the year.

**Asset Management**

We are going to turn to the Asset Management segment now. Andrew is going to talk later in more detail about the outlook for this business. In terms of the last six months, underling revenues declined by 5%, with the reduction in subscriptions that I mentioned before and in events, which is a smaller number but partially offset by good growth in advertising revenues at Institutional Investor, particularly in media and research and [inaudible]. Operating profit declined, as the reduction in revenue dropped through at gross margin. At IRD we saw renewal rates progressively increase during the period and they have remained very good in April as well. We also saw new sales improve since September 2019, up until the impact of covid-19. New sales benefited from the investment in sales and marketing that we have made, as well as higher client demand for our high quality independent research. Indeed during the Covid-19 period there has been higher demand for the research and we have seen record attendance at the BCA weekly webcasts with the average nearly doubling and record attendance at the BCA Academy – it’s good to have that anecdotal evidence.

**Pricing**

Pricing revenues grew 3% underlying with 6% growth in profits. Subscription revenues grew 8% really driven by that continued strong data licensing sales. We have highlighted before,

due to the timing of customer renewals sometimes there can be lumpiness in this growth figure, particularly because of that transition to licensing sales. During this period Fastmarkets also experienced some impact on new sales and renewals from Asia-focused clients as a result of Covid-19.

As we disclosed at the time of the Q1 trading update, there was some softness in events at the start of our financial year in the segment. We did see an improvement in January when the underlying decline improved from the Q1 -9% up to -4% just in one month. However, the disruption resulting from Covid-19 on events that did run after that time meant that by the end of March Pricing events were down by 11%. Our strong balance sheet allows us to continue to invest in the business with the rollout of the new Fastmarkets platform and make investments in data quality, with an increase in the number of prices that go through the IOSCO assurance process.

During the period we acquired AgriCensus, a PRA for the global agricultural commodity market, a small but very complementary addition to the existing positions we have in Metals & Mining and Forestry Products. AgriCensus is able to leverage Fastmarkets' established reputation in pricing and access its global PRA infrastructure. I am happy to say that in April, AgriCensus delivered their strongest month since their founding in terms of new business sales.

**Data & Market Intelligence**

We saw a really pleasing acceleration in growth at DMI in the half-year. As you know, we have been investing in FPS, which makes up the majority of the DMI segment. Subscription revenue grew 6% driven by People Intelligence and Next Gen. Total underlying revenues grew 4%, which compares to just growth of 1% in FY19. Renewal rates remain high across the division which is testament to the essential nature of the solutions that we provide that are embedded in the workflow. Strong renewal rates have continued into April when FPS saw 92% renewal rate in the month. In Events we saw good growth at IMN, which many of you heard about at the teach-in. At the end of January, DMI events revenue was up a healthy 4%. However, obviously Covid-19 has dealt with that and by the end of March they were flat. Underlying operating profit declined modestly because of the previously-announced investment we are making to drive revenue growth. That investment in the division continues.

**Robust financial position**

Looking at cash the headline here is that we remain in a strong balance sheet position, net cash of £8.1 million, and I mentioned earlier that April was £8.3m. I believe the consensus for the year-end is positive cash as well. We continued to invest in the business with capex at around 3% of revenue in the period. We paid out £24 million to shareholders with our full-year 2019 final dividend and we spent £24 million on two acquisitions, Wealth-X and AgriCensus. After the period-end we extended our revolving credit facility out to the end of 2022 and took the opportunity to right-size the facility. As a result, we now have committed funding available of £188 million and as you can see there in addition it has been confirmed that we are eligible in principle for the UK government CCFF scheme.

**Material improvement in tax certainty**

I am very pleased to say that during the half-year we were able to favourably resolve a number of legacy tax issues. This has had the result of removing exposures of around £38 million from us. Let me briefly run through these details. First of all is the resolution in our favour of a Canadian tax issue that dates back to 2009. We have previously said the exposure for the Group was about £20 million, which we had not provided for because we thought we would prevail, which of course we did in this half. In addition, we expect to receive about £5 million of taxes back from that probably post-year-end. Second is the VAT issue that we set out at the time of last year's results and that was fully resolved in our favour as well saving us £11 million. Lastly, we agreed a settlement with HMRC on payroll taxes in the first-half, which resulted in a release of £6.2 million from the £8.2 million provision we made in the full-year last year plus an additional release of some interest of £0.6 million. All very, very pleasing. I should emphasise that all of these issues that have now been successfully resolved are legacy in nature. Our tax strategy now is very much that we take a low-risk, responsible and transparent approach to the management of taxes.

**Covid-19 cash savings and actions**

Since the onset of Covid-19 we have been taking very rapid action to reduce costs and to support our strong liquidity. We already mentioned the 13% reduction in central costs in the first-half. You will see on the slide a list of some of the actions we have been taking, which include minimising non-contractual spend, postponing capex, making cuts in salary or fees for Directors and not declaring an interim dividend. We have talked to you previously about the committed venue costs associated with events that we have had to cancel or postpone as a result of Covid-19 and I am pleased to say that we are making really good progress on reducing those costs as well, working closely with our venue operators. We expect to make a total net cash cost savings of £20 million in the second half of the year and net P&L savings of approximately £7 million. These actions that we have taken further support our robust balance sheet and allow us to maintain our investment in future growth. With that I am now going to hand back to Andrew.

## Strategy

Andrew Rashbass

*Chief Executive Officer, Euromoney*

**Why 3.0 remains the right strategy**

I hope it is good news that the 3.0 strategy is unchanged. It is all about being embedded in the workflow of our customers. The reason why that is the right strategy for now as it was the right strategy before is that first of all that strategy is predicated on understanding and anticipating customer needs. You cannot be embedded in customer workflow if you do not understand that customer's workflow and if you do not understand the problems that customers are trying to solve. That effectively consultative approach is absolutely the right approach in the time of Covid-19. Secondly, it is the thing that drives the high proportion of recurring subscription revenue in our business which is obviously really valuable at times like this. Thirdly, when you apply it to events and I know we think that events are binary, they run or they do not run, but actually that is not the case. By far our most resilient event-oriented business at the moment is actually Institutional Investor and Institutional Investor

runs a membership model, as you may know, and that membership model is giving us a greater resilience. There is still Covid-19 impact but a significantly greater resilience during Covid-19 in Institutional Investor than we find for some of our other event-oriented revenues.

**Quadrants – more important than ever**

That is the overall approach but how does that break down into action? The actions that we take through the strategy come down to the quadrants and this is a slide we have been using for years. On the x axis takes the business cycle and on the y axis takes structural issues. There is no question that Covid-19 and the economic implications of Covid-19 are creating a cycle. Whatever one thinks about the structural implications of the pandemic there are definitely cyclical implications to the pandemic. Many of our markets have shifted leftwards but actually we believe that there is significant opportunity being created top-left and this is where the strength of our balance sheet comes in. We are making sure that the actions that we take are geared towards the top of this chart, not the bottom of this chart. That is to say, continuing to find the right areas to invest in and investing through the cycle.

**Acquisitions remain on the agenda**

Now, part of that is M&A. We have operations in Asia and before we were fully conscious of Covid-19 in Asia but went ahead with Wealth-X. However, the AgriCensus one we very consciously took the considered decision to complete on that one, even though we were very conscious of the likely impact that Covid-19 was going to have on the world. Starting with Wealth-X, we talked about that in more detail at the February FPS teach-in but it is part of this people intelligence that absolutely sits at the heart of our strategy because if you remember we talked about this semi-opaque information, information that customers must have but which is really hard to find. It sits very strongly alongside BoardEx and is already strong growth and we believe will be an engine of growth for our business. As I say, we talked about that at the teach-in at some length.

AgriCensus is the beginning of the agricultural commodity platform for Fastmarkets but this is the beginning of Fastmarkets Agriculture. That is the third commodity group, agriculture, alongside metals & mining and forest products. We believe that agriculture will have the dynamics of those other markets and will accelerate and consolidate the Fastmarkets position. It is a small company, a small acquisition although a relatively young company. It is very well established in its market and what we heard from customers is that they were looking for a stronger backer who can provide the infrastructure that a young start-up did not have. The customer response we have had to AgriCensus and now Fastmarkets Agriculture is being extremely positive.

**Organic growth never more important: growth in DMI and Pricing**

That was inorganic and we expect that inorganic to continue modestly during Covid-19 and the aftermath. However, let us not forget and perhaps almost more important is organic growth. You have seen at the FPS teach-in about the investment we are making in FPS, which is the biggest part of Data & Market Intelligence. You have seen in the results that Wendy talked about, how that investment is paying off in top line growth. Of course, we continue to invest in Fastmarkets, in the Fastmarkets platform which is being very well-received by customers. Again, if you did not see the Capital Markets Day, do go and take the chance to watch it on the website where you can see a demonstration of the Fastmarkets

platform. However, we are also putting a lot of effort into the back-end of the marketing systems but also making sure that we continue to increase the number of prices that go through IOSCO compliance and making sure that all aspects of that business are able to turbo charge growth for the future.

## Asset Management

Andrew Rashbass

*Chief Executive Officer, Euromoney*

**Why we decided to retain Asset Management**

Turning the page again and moving on to Asset Management, as you know and we announced this a month or so ago, we have decided following the strategic review to retain our Asset Management businesses, BCA Research, NDR and Institutional Investor. Why? Because we believe that that is the best outcome for shareholder value that we remain the long-term owners. Why? The basic reason is that we value the turnaround of those businesses more than anyone else does. We have a clear plan. We announced that plan to you all at the Capital Markets Day in July 2019. That plan is working and we put significant value behind that plan. It is also the case of course that these are powerful businesses to have during Covid-19 and I am going to talk to you about that. As I say, the single biggest reason is the value that we put around the turnaround plan.

Of course, as well as the turnaround plan, we also have clear developing plans. What is useful and came out of the strategic review, is a clear plan for areas that we can invest in in order to drive future growth as well as the sales and marketing which were, as you know, at the root of the turnaround plan.

**Asset Management – a reminder**

Slide 24 is a reminder of why these are strong businesses. They have scale, they have margin, they have recurring revenue and they have very strong market positions. I do not need to tell this audience that the Asset Management market is not without its challenges and of course where our customers are challenged that can blow back and create challenges for us. Those issues have not gone away and you have seen that in the Book of Business etc. However, we believe in the sales and marketing turnaround plan. I am going to show you in a moment some of those green shoots of that plan working but also we believe in the underlying opportunities in those businesses in some ways to respond to some of the challenges that are in the marketplace.

**Asset Management during Covid-19**

Actually, Asset Management is comparatively strong. Why? Because even stock pickers recognise that macro is incredibly important and that not all macro is the same. Those of you are BCA Research, for instance, customers and NDR customers I hope you will find that the research that we are delivering we have never had more unsolicited favourable customer feedback than we are getting at the moment around the coverage that we have of the different aspects of the market that we cover.

I have talked about this before, membership event model, which is Institutional Investor's model, is proving to be much more resilient. It is not unaffected but is much more resilient

than other event models. I will show you that in a moment but renewal rates in Investment Research are holding up very well. Let us not forget that part of world is coming out of the impacts of Covid-19 and we are seeing that in an Asia rebound. These businesses are well-exposed in Asia. We are still seeing new business, although somewhat slower than in the early days of Covid-19. Autorenewal is performing well and actually as part also of the 3.0 nature of Institutional Investor, we are seeing some of our strongest digital event activity and certainly the most revenue-generating digital event activity happening in Institutional Investor.

**Asset Management Book of Business**

However, we certainly do not kid ourselves that we are out of the woods on this one. You can see that there is a stabilisation of the decline but we are still talking about a marked decline in that Book of Business which is the annualised value of our subscription contracts tracked over time. However, I think this is the plan in action.

**IRD turnaround**

Here you see what is happening with renewal rates and new business. Basically, a subscription business as sophisticated as one wants to be at the end of the day you have got a renewal rate and that creates, assuming it is less than 100%, a gap to stability. That gap needs to be filled by new business and then when the new business exceeds the churn, you grow. What you can see here is the sales and marketing plan resulting in a strengthening of renewal rates in Investment Research, BCA Research and Ned Davis. You can see actually a four percentage point increase in renewal rates on the left but critically you can also see the pickup in new sales. Those of you who were at the Capital Markets Day in July knew that we said this was critical and you can see that uptick. You can see that when I said they have slowed, they have plateaued in the Covid-19 period but there are still new sales. I have talked about Asia bouncing back and Asia sales, particularly the China sales, are coming back strongly as well. Those two things together it seems there are lots of moving parts but at the end of the day those are the two lines that are the basis of the sales and marketing turnaround plan. There you see what we call those green shoots.

**IRD growth opportunities**

It is not just about the sales and marketing side, it is also about developing the right products and solutions for the future. An example of that is what we call NDR IS, Ned Davis Investment Solutions. This is where there are ETFs through ETF partnerships that allow investors to invest directly in NDR signals. What you can see here is the quarter-by-quarter growth in assets under management in the dark blue bars and in the light blue line you see the quarterly revenues that we get. Now, those are nice but still relatively small numbers but the rate of growth that we are seeing there is high. We are now going to start looking at how we can bring more NDR IP in to this world as well as BCA IP.

## Outlook

Andrew Rashbass

*Chief Executive Officer, Euromoney*

**Subscriptions Book of Business growth**

Turning to the outlook, let us look first of all into the Book of Business. Now, Wendy talked about the second engine of growth that we have invested in and have developed which is around the Data & Market Intelligence subscriptions. You can see there growing nicely. Of course we have talked about Asset Management which is the one at the bottom. Let us talk a little bit about Pricing and Fastmarkets. There is a slowing of Fastmarkets growth. That is still very healthy growth at 5% but it is lower than we have seen. Let me talk a little bit about why that is. It is a range of things, some of them are Covid-19-related, some of them are not Covid-19-related. Some of them are what we call the long tail. One thing about this business which actually I believe to be a strength is that it has 1,000s and 1,000s of customers which is unusual for our high-end B2B information services company. We actually see that as a strength. We are seeing some softening in some elements of that long tail but that is now identified and the actions we are taking about that will feed through. We are already seeing early signs of that. As I say, there is some Covid-19, particularly do not forget Covid-19 started in Asia earlier and this is a commodity business exposed in different ways to the Asian and particularly China markets. Just as it has gone down, as the world comes out of Covid-19 it will recover. There are a range of things that are affecting that number but we are confident that that number will recover.

**Events outlook: a framework**

I wanted to talk about the outlook for events. One of the things that people ask me a lot is, 'What is going to happen in our Q1, for instance, October through December?' I can tell you what we are going to do but at the end of the day it comes down to the world. The reason why we have had to cancel and postpone events is nothing to do with a Euromoney policy. It is to do with what is going on in the world. There is no business in our space more nimble than we are. We will run events as soon as it is possible and that I suspect will be a lot sooner than others. When I am talking about events I am talking about these largescale international events. However, let us remember what a largescale international event requires. It requires open borders. You have to have the travel to the country and I guess not be quarantined for two or three weeks both ways. It requires that governments allow large gatherings because we are talking about events with 1,000s of people. It requires that our clients have travel policies and attendance policies that permit attendance at these sorts of gatherings and flying to these gatherings. Of course, it requires that attendees participate. When those things are in place or when they are about to be in place and then they have announced that they are going to be in place, we will be able to run events of scale very quickly.

Now, there are some things that if you look on the right-hand side of this chart you will see our exposure to America. For all sorts of reasons, we believe that America will open up relatively quickly. That is slightly politically but more actually, and we see this in our discussions with our customers, they are desperate to get back to events. In fact, we see that more than we do in Europe. You can put that down to the animal spirits of the American

market. Of course, in Asia for political reasons, for experience reasons to do with their experience with SARS and therefore the lesser impact in a way that Covid-19 has had, actually we think that Asia will also bounce back quicker.

**FY19 events revenue by geography and quarter**

I am not going to take you through slide 32 other than to say, this is a grid of the data that you can overlay your view of the world and you can take a view about when you think these markets are going to open up. Here you see a detailed breakdown which happen to be our 2019 numbers but it gives you the proportions.

**Innovative and agile events operator**

Then we have given you on slide 33 a framework for thinking about how to model or think about how long it takes us to put on an event. As I say, in a relatively small number of weeks we can be up and running once we know that we are going to be able to run those events, given the conditions that I talked about before. In the meantime, we are ramping up virtual events and I am very pleased with the way that is going. The revenues are smaller but margins a bit higher actually because the costs of running them are lower. The revenues start relatively small but are ramping up. One thing that I think is very positive about this is what is clear from our discussions, the revenue we have already gained and the value we are delivering to customers is that those virtual events will become complementary when physical events start to run again, rather than simply be a bridge to them, though they are to a certain degree that as well.

**Summary**

Finally, let me summarise. The 3.0 strategy remains in place and is actually more relevant than ever. It generates the strong balance sheet that we see today. Along with the decisive Covid-19 actions that we are taking allows us to continue to invest in the Asset Management turnaround plan. Also to invest in small strategic acquisitions and to continue to remain ready, keeping that infrastructure in place such that we can remain nimble, responding of course by sizing our businesses appropriately today while at the same time keeping our infrastructure in place so that we can return quickly to physical events when that becomes an option. Then to continue with the investment in organic growth in Pricing and Data & Market Intelligence. That is a summary and we would like to take your questions now.

## Q&A

**Adam Berlin (UBS):** Morning Andrew and Wendy, hope you are both well. I have two questions on the Asset Management business. The first question is, on the slide you presented, Andrew, slide 27 showing the improvement in renewal rates and monthly new sales, on the monthly new sales chart you see a dip during 2019 and then the recovery. Is there seasonality in that or is that really just poor operating performance in the left-hand side of the chart and then a better operating performance in the right-hand side? You are not showing year-on-year numbers there so I am trying to understand, if you did a year-on-year would we see an improvement in January and February before the Covid-19 impact? The second question is, on the left-hand chart that improvement in renewal rate that we are seeing, how much of that do you think is a response to Covid-19 and macro demand for more research and how much of it is an improvement in the operations, things like autorenewal?

What is the most important driver there? Then maybe one more question on Asset Management. In the statement this morning you talked about non-vote revenue within IRD. Why did you not just say you want Asset Management to get back to growth by 2022 or 2023? Why are you couching it in that cautious language of only certain parts of Asset Management? Why do you not just come out and say you are trying to get Asset Management as a division back to growth? What are the reasons you are not prepared to say that? Thanks.

**Andrew Rashbass:** First of all, it is a four-month rolling number and clearly if you do 12 months you definitely take out seasonality. The reason why we do four months, this will speak to your third point, is that this is not about aspiration. What we typically try and do is share with you the same indicators we use. The trouble with 12 months rolling is it takes 12 months to see the impact. That is not quick enough for me. We go for four months because it is enough to smooth out most of seasonality because typically over a four-month period you have got big months and small months. That dip is not seasonal. It is actual, which is the answer to your first question.

On the second question, do not forget that is a four-month backwards looking rolling so if you think about it the renewal rate improvement that you saw roughly from the time we announced the plan in July 2019, that consistent improvement, the vast majority of those numbers are all pre-Covid-19 anyway. Actually, what you are seeing there is the sales and marketing plan working, which we talked about at the Capital Markets Day back in July 2019, more than Covid-19.

Then on your third question I think there are two things. You said, 'Why do you not just say you want to get Investment Research back to growth?' Adam, I want to get Investment Research back to growth. I am very happy to say it. The reason why is because again we want to move away from aspiration and vagueness to specificity. What we are showing you is the indicators that lead to growth. Now, you may say, 'Not interested in that. What I want to know is when will the reported revenues go to growth.' Actually, you mentioned the note that went out this morning. In the release this morning you will see that that actually said, 'This will translate into revenue growth in 2023.' That is the answer to your question. The other thing to say is we had a discussion internally about what was most helpful for the investment community. Some people felt that actually giving that 2023 number was the easiest. I took the view that we should share with you what we look at which is the earliest possible indicator. What we wanted to share with you is what are the earliest possible indicators because otherwise you will not have anything to look at until 2023. That is why. If you want a statement, it is the statement that is in there which is that growth in 2023. However, that seems unduly far away and I wanted to give you an intermediate step that you could monitor.

Wendy is there anything you want to add to that?

**Wendy Pallot:** I think the only other thing I would add is that the reason we are not piling in with an Institutional Investor target here, which obviously would make up the total for Asset Management, is that of course at Institutional Investor, as Andrew has said, part of the subscriptions is that membership and therefore they are impacted by what is happening with Covid-19 because of their events. Therefore with little visibility at this stage it is difficult for us to apply any longer-term targets to that part of the business. Now, IRD makes up, as you know, a significant proportion. It is more than half of the revenue, well over half and even

higher a proportion of the profits of Asset Management. The target we are giving is about the biggest part of Asset Management.

**Natasha Brilliant (Citi):** My first question, following on from Adam's question, is about monthly new sales. You talked about the dip that we can see in the chart in September/October as being actual. My question is, what do you think was driving that? I know the plan was only just getting underway then but going forward do you expect this business to have a more stable trajectory or would we still expect non-seasonal dips? That is the first question. Second question is on virtual events and I wondered if you have identified any events that might stay virtual forever and might not go back to physical format? Over time do you think that virtual events could be more significant and potentially added to your overall events revenue? Then my last question is coming back to Asset Management and about medium-term aspirations. If you can give us any colour about where you think this could get to in terms of [inaudible]. Also on margins you talked about some investment in areas. How should we think about margin performance going forward? Sorry, that was quite a lot.

**Andrew Rashbass:** On new sales, it is not going to be completely one-way street. When you look at what is driving it, what is driving it is the things that we talked about in the plan. You can ask the question about what caused the dip. Part of what caused the dip was that we overcut our salesforce. We have reinvested in the salesforce. That is part of what has driven it and that should be sustainable. Secondly, we have done a much more careful [inaudible] between account management and working on retention and upselling, and new business. Again, in the markets where we have put that in place, that is working and should continue. Thirdly, I think a much clearer approach to how we price our products etc. etc. The majority of things that are driving that are things that should sustain and of course there will be odd months where for particular reasons where we have had staff turnover or whether or not that is to do with geopolitical issues or whether that is to do with other issues in the world, there can always be things that can cause blips. However, we believe that the plan should deliver sustainable growth in new sales.

In terms of virtual events, are there some events that might remain virtual forever? The answer to that first of all is yes. For instance, BCA Research's academy I suspect that for certain geographies those will remain virtual. I actually think it is more likely to be a hybrid model. Hybrid in all sorts of ways. First of all, I think what you will find is that there will be people even in our largest events who for one reason or another will remain as virtual participants. Secondly, I think there will be market segments, those might be geographic, but also we are finding that there are segments of the market where actually the price point frankly of participating, and I am talking here about participating as an attendee but also as a sponsor [inaudible]. The price point that exists for physical participation actually have meant that there are certain parts of the market that we have not been able to engage with. Virtual is giving us an opportunity to do that. I think this speaks to your question about could they be additive? Absolutely. I believe that a significant proportion of the revenue that we get from virtual actually has the potential over time to be additive in a hybrid model. It will not just be this is a virtual event and this is a physical event. I believe it is that hybrid model that will in various ways win the day.

Wendy, the question on medium-term financials can I hand that one to you?

**Wendy Pallot:** Yes, I think it was focused on margin. You will be aware that we have been investing in sales and marketing all the way through this period and obviously looking at the graphs it is working. That investment will carry on. Margin in this business has been low-40%s/high-30%s. We have not signalled that there is going to be a big change in the margin. I anticipate that we will still be able to maintain a very good and high margin in this part of the business.

**Natalie Brilliant:** That is great, thank you so much.

**Speaker (BNP Paribas):** Morning, my first question is also on Asset Management. On your 2022, effectively 2023, guidance can you tell us exactly how much of that number should be driven by new sales versus higher prices and what your renewal rate assumption is here? My second one is on Fastmarkets. If you could update us please on how many of your top clients in Metals and Forestry have upgraded to licenses? Also, remind us how that compares to last year. Then thirdly if you could remind us on the financial dynamics of the virtual events versus physical events. Thank you.

**Andrew Rashbass:** Let me talk a little bit about Fastmarkets. There are a couple of dynamics here. Wendy may be able to give you some specific numbers but first of all one of the impacts of Covid-19 that we have had is that, as you know the moving somebody from a subscription to a licence is quite a sophisticated and complicated process. We have slightly taken the pressure off that in Forest Products, which was the next big tranche to go, because during Covid-19 when there is all this pressure in the market to come and say, 'By the way, we want to have this conversation and by the way, you need to get it through all your legal department and you need to go over this and we need to reassess all of that' that process now we consider not the [inaudible]. Part of the reason that has been driving some of that drop off in growth rate, still healthy growth but not as we have been seeing, has partly been that Covid-19-related and, as I say, slightly taking the pressure off in that upgrade temporarily in Forest Products. That is why I am confident it will come back because we will reapply that pressure when we are in a position to do so in a post-Covid-19 world.

In terms of Metals & Mining it is somewhat similar but what we do is we work, as you know, in tranches and we put the first tranche through last year. The second tranche is going through this year and there is some of that same dynamic, which is a slower upgrade in that Metals licencing. However, a lot of that relates to the pressures that exist around Covid-19. That is a little bit of context for question two. On the rest of two in terms of specific numbers and one and three, I am going to hand over to Wendy.

**Wendy Pallot:** On Pricing, as Andrew said, the numbers have not changed significantly since we last updated you. It continues on but I do not have any numbers for you here today. Growth has slowed a lot since the Covid-19 period started. It is slightly higher than last year but no higher than we updated you about at the end of Q1. If I can then move on to your last question about virtual events. Virtual events is a tough one in terms of how they compare to physical because very often the virtual events that we are putting in place today are not identical to the physical ones in that they might be slightly different content or might be slightly different audience and therefore there is not always a direct link between them. Very often the virtual event has been so successful that we have run now that we are saying, that will be a permanent new virtual event. However, if you are trying to look at what percentage of revenue would come from the equivalent event, at the moment the amount of

revenue we are getting is very small because we are holding the events primarily to keep our customers informed, keep them coming together and trying to give value to them at this stage and maintain that relationship. It is not necessarily about the revenue so I would say on average you might be looking at something like 20%. However, as Andrew said earlier on, the profit impact is marginally higher on those smaller revenues because you get a higher margin obviously through not having the associated venue costs.

The first question was about Asset Management 2023 and specifics on assumptions. The thing I would say is that, as Andrew presented on page 27, the four-months renewal rate numbers and the four-month monthly sales numbers, we have talked about a target for a flat BoB at the end of FY22 but in order to get that you would expect that our monthly new sales numbers would exceed our churn on a four-months basis, around about by the end of FY21. We have another inflection point then which we can talk about as we get closer to it but we would expect to see new sales exceeding churn. Now, if your question is, what does that number have to be, then obviously it depends on what the renewal rate is at the time as well. However, our evidence from the graphs you can see is that at some point the new sales will exceed the churn rate and therefore we will have an inflection point which will then start to reduce the deterioration in the BoB rate. I cannot give you specifics but I can give you that as another inflection point which we can monitor and obviously we will talk about in due course.

**Speaker:** Thank you very much.

**Steve (Numis):** Morning Wendy and Andrew. Can I just go back to on the Asset Management target for FY23? I wanted to be clear on what you are saying on II. I get what you are saying on the [inaudible] slide but are you saying you do not want to put II in there because it might be affected by a C-19 recovery and therefore over-reduce the growth or are you saying you do not think II will grow? That is the first question, just to clarify there. Second question is if we look at DMI the like-for-like there which looks great in the first half, how much of that is including BoardEx and stuff like that in the numbers rather than the other bits and pieces [inaudible] in that subscription like-for-like number? Then third, could you talk us through working capital in the dynamics in the first half outflow and then what one might expect in the full year given event cancellation refunds to customers? Thanks.

**Andrew Rashbass:** As Wendy has already said, the fact is that II is our most resilient event-related business. There are other parts of Institutional Investor but the biggest part relates to events. However, there is no question that it is Covid-19-impacted. If you say to me, 'Is it going to grow from its current position?' it absolutely is in a post-Covid-19 world. From that point of view to simply say we will return Institutional Investor to growth is really not adding anything. That is one point about Covid-19. The second Covid-19 point is all the things that I talked about with events, I am not in a position to predict when that starts. At the moment putting II into a number is an extremely noisy thing to do and all it does is creates noise in what we hope is a clear and useful goal. I think what is also the case is people understand that Institutional Investor and Investment Research operate on different dynamics and the Investment Research dynamics is the one that most of our investment community, analysts and shareholders, are most worried about. That is why we felt that that was the important goal to be clear about and to share. That is my answer anyway to the II question. Wendy, do you want to take the other parts of DMI and the working capital questions?

**Wendy Pallot:** Yes, I think it is quite simple. The DMI number, Steve, the 6% growth in subscriptions that we are talking about is underlying so it will be adjusting for BoardEx and you will have a full year in previous years. It is like-for-like so there is nothing funny going on there. The working capital, in H1 it was quite significantly impacted by all the provision releases. All that good work on the tax and stuff like that affected the working capital movement as well. In H2 there are a couple of things to point out. It will be public knowledge that we obviously are making refunds for events, mainly sponsorship refunds. The number is not in double-digits in terms of millions and there will be outflows relating to those in the second half. We have also talked about exceptional items which will affect cash in the second half. You have obviously got the exceptional number in the first half in the slides, which is in the appendix. When we talk about the H1 impact which is the £9.9 million outflow for exceptional items in H1 so there will be an H2 impact as well. I hope that gives you a feel. Obviously, with the fact that we have got the Covid-19 issue with events and Asset Management in decline, and the refunds on events we are looking at negative working capital in the second half.

**Steve:** Andrew, can I just come back to you on Asset Management? Sorry to be a bore on it but can I have two supplementary questions? One is, can you remind us how big vote revenues is in subscriptions now because my memory was it was de minimis? Is that fair? Can you give us any hard numbers there? Then secondly, what you are basically saying is that the [inaudible] you think you can get Asset Management revenue growth in fiscal 2023?

**Andrew Rashbass:** Yes, the reason why we split out vote is it operates in a different dynamic and our sales and marketing [inaudible] slightly different plan associated with it. The BoB numbers that we report with those graphs that we showed in the presentation, those actually do include vote. Those are not non-vote numbers whereas our new business and renewal numbers had the vote numbers in. In terms of the size, in FY19 for instance, it was 3% of Asset Management revenue in the first half and in 2020 in the half it was 2% of Asset Management revenue. We can have a discussion about whether that is de minimis or not but those are the numbers.

Then in terms of growth, if you are saying to me do I have an aspiration that Asset Management revenues will grow by 2023, absolutely I do. I think that what I want to give as a specific target is something that is more than aspirational. The fact is that, for all the reasons I have talked about and all the reasons that Wendy has talked about, there are quite a lot of unknowns going on in Institutional Investor, I think depending on what happens with Covid-19 and the economy it will be back in growth much quicker on that. Yes, I do not mind agreeing to your thought that would that not be the aspiration. Absolutely, that will be the aspiration but what we are trying to do is be very, very specific about something that is what we consider to be the major driver of valuation. You can then take a view about whether or not you believe that but what we are trying to get away from is lofty and vague high level aspirations to something very, very trackable and accountable.

**Steve:** Okay, thank you very much.

**Andrew Rashbass:** I will thank you all very much for attending and thank you for spending time hearing about Euromoney today. Thank you, bye.

[END OF TRANSCRIPT]